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MEDIA RELEASE

Sanli's FY2021 net profit rose 25.1% to S$0.5 million

- Proposes a final dividend of 0.07 Singapore cents per ordinary share
- Current orderbook stands at S$329.8 million and is expected to contribute to the Group's revenue up to 2026

SINGAPORE, 26 July 2021 – SGX-Catalist listed Sanli Environmental Limited ("**Sanli**", "the **Company**", "三立环境有限公司" and together with its subsidiaries, the "**Group**"), one of Singapore's leading environmental engineering companies, would like to announce that it has achieved a net profit after tax of S$528,000 for the financial year ended 31 March 2021 ("**FY2021**"), a 25.1% increase from S$422,000 for the financial year ended 31 March 2020 ("**FY2020**").

Mr Chua Teck Huat, the Chief Executive Officer of Sanli commented: *"Despite the challenges of the COVID-19 pandemic, rising commodity and equipment prices, and heightened competition, we will continue to leverage our engineering expertise and experience to tender for higher-value projects. In FY2020, we embarked on efforts to transform the organisation by enhancing our capabilities, processes and efficiencies with a focus on driving innovation within the company. As the COVID-19 situation hopefully improves, we will seek more opportunities in Singapore and regionally."*

Dividend

The Company's Board of Directors has proposed a first and final dividend of 0.07 Singapore cents per ordinary share for FY2021 (FY2020: 0.06 Singapore cents), which is subject to shareholders' approval at the Company's upcoming Annual General Meeting. The total dividend amount translates into approximately 56.3% of the net profit attributable to shareholders for FY2021.

Financial Highlights

	Year ended 31 March		
S$'M	**2021**	**2020**	**%Change**
Revenue	60.5	67.1	-9.8
Gross Profit	4.4	7.4	-40.7
Gross Profit Margin	7.3%	11.0%	-3.7
Net Profit attributable to shareholders	0.33	0.32	5.1

The Group's FY2021 revenue decreased by 9.8% to S$60.5 million from S$67.1 million in FY2020. Gross profit decreased by 40.7% to S$4.4 million from S$7.4 million in FY2020, with gross profit margin down by 3.7 percentage points to 7.3% (FY2020: 11.0%) mainly due to lower revenues and higher labour related costs. Overall, the Group's net profit for FY2021 was S$0.53 million (FY2020: S$0.42 million). With a net profit attributable to shareholders of S$0.33 million (FY2020: S$0.32 million), the earnings per share for FY2021 is 0.12 Singapore cents (FY2020: 0.12 Singapore cents).

Segmental Revenue			
S$'M	**FY2021**	**FY2020**	**%Change**
Engineering, Procurement and Construction ("EPC")	42.9	53.9	-20.4
Operations and Maintenance ("O&M")	17.6	13.1	33.7
Total	60.5	67.1	-9.8

The Group reported a 20.4% revenue decline in its EPC segment from S$53.9 million in FY2020 to S$42.9 million in FY2021. This was due to disruptions to EPC projects caused by COVID-19 pandemic restrictions, as well as increased market competition. Conversely, there is an increase of revenue from the O&M segment by 33.7% from S$13.1 million in FY2020 to S$17.6 million in FY2021 as the Group had secured and completed certain higher value O&M contracts in FY2021.

The Group's other income increased to S$3.6 million in FY2021 from S$0.4 million in FY2020, mainly arising from the COVID-19 pandemic relief that consist of government grants and incentives under the Jobs Support Scheme and rebates for foreign worker levies. Administrative expenses of S$5.8m remains comparable to prior year due to lower staff related costs, travelling and advertising costs due to the restrictions imposed by the authorities to deal with the COVID-19 pandemic, that is partially offset by an increase of support staff hired during the year. Other operating expenses has increased by 28.1% to S$1.5 million in FY2021 (FY2020: S$1.2 million) mainly due to increase in depreciation and foreign exchange loss. Finance costs decreased by 31.2% to S$0.10 million in FY2021 from S$0.14 million in FY2020 mostly due to lower bank borrowings, as the Group disposed its property at 50 Tuas Avenue 11, #02-15 Singapore 639107, which was announced on 10 September 2020.

Financial Position

As at 31 March 2021, the Group's financial position remains healthy and stable, with a net asset value of S$26.5 million (31 March 2020: $26.4 million). This translates into a net asset value per share of 9.86 Singapore cents, compared to 9.81 Singapore cents as at 31 March 2020. The Group also has net current assets of S$19.0 million (31 March 2020: S$18.6 million) and total assets of S$51.5 million (31 March 2020: S$51.0 million). Furthermore, the Group's cash and cash equivalents increased by S$0.9 million to S$19.1 million (31 March 2020: S$18.2 million).

Business Outlook

In FY2021, the Group continued to deal with the ongoing challenges brought on by the COVID-19 pandemic with its operations affected by delays in project execution, supply chain interruptions, and manpower disruptions. Even with the re-starting of several projects, the Group still continues to face supply chain issues and rising commodity and equipment prices, as part of recovery spending on infrastructure around the world. The Group will closely monitor the situation and mitigate these issues as and when they arise.

During FY2021, the Singapore government continued to call for tenders but the Group experienced very aggressive bids for several projects from its competitors. Nevertheless, the Group will continue to tender for projects that can leverage its engineering expertise and track record. As the Singapore government continues its efforts to manage the country's water demand, water security, and solid waste treatment, Singapore's water and waste management sectors will continue to remain a stable source of business opportunities for the Group. With the contract wins from the Public Utilities Board worth S$72.67 million for the construction, commissioning and subsequent maintenance of new disinfection systems at Johor River Waterworks ("**JRWW**") announced on 15 July 2021, the Group's orderbook stands at S$329.8 million and is expected to be completed by early 2026.

In FY2021, the Group have been investing in its people and technology. Key talent was brought in, work scopes were re-organised for stronger teamwork, and work processes were re-engineered in the areas of safety and cybersecurity, whilst digital delivery systems were adopted to increase efficiency. The Group also started to explore investing into green technologies with growth potential that can utilise its existing knowledge and expertise.

Sanli Environmental (Myanmar) Company Limited ("Sanli Myanmar") is a 60%-owned subsidiary of the Group which provides engineering, construction and related services in Myanmar. With regard to the military takeover in Myanmar and its impact on the operations in Myanmar, the

Group would like to report that projects have resumed and staffs have returned to the office in the beginning of July. However, the situation in Myanmar is now further complicated by the COVID-19 crisis with daily infections hitting record highs causing more businesses to close and companies asking staffs to work from home. Sanli Myanmar contributed approximately 10% of the Group's revenue for FY2021. The Group will continue to closely monitor the situation and adopt the necessary procedures to ensure the safety of Sanli Myanmar staffs.

As the Singapore government starts to develop a broader set of reopening plans, the Group is hopeful that the COVID-19 situation will improve with the overall global economy and industries normalising. As a result of the above, the Group is cautiously optimistic for the year ending 31 March 2022.

End.

Note: This media release is to read in conjunction with the Company's SGX-net announcement released on the same date.

About Sanli Environmental Limited

Listed in 2017 on the SGX-Catalist, Sanli Environmental Limited ("Sanli") is an environmental engineering company in the field of water and waste management. Sanli's expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of mechanical and electrical equipment as well as process, instrumentation and control systems in wastewater treatment plants, water reclamation plants, NEWater plants, waterworks, service reservoirs, pumping stations and incineration plants.

The Company's business is divided into two main business segments. The Engineering, Procurement and Construction segment provides engineering, procurement and construction services within the field of water and waste management including process upgrading of existing water treatment plants, upgrading of pumping station capacities, replacement of aged mechanical and electrical equipment, and design and build of various treatment process systems. The Operations and Maintenance segment provides corrective and preventive maintenance services to ensure reliability and minimal disruptions to its customers' operations.

Backed by its strong engineering capabilities, Sanli has the ability to integrate mechanical, electrical and process engineering expertise to provide customised, cost- and time-efficient integrated engineering solutions and services to its customers.

For more information, please visit https://www.sanli.com.sg/

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This media release has been reviewed by the Company's sponsor ("Sponsor"), SAC Capital Private Limited. This media release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made, or reports contained in this announcement.. The contact person for the Sponsor is Mr David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.